

STATEMENT OF SENATOR THAD COCHRAN
Remarks for Senate Debate on American Recovery and Reinvestment Act of 2009
February 2, 2009

Mr. President, the bill now before the Senate provides \$365 billion in new spending reported by the Appropriations Committee and \$522 billion in tax and mandatory spending measures recommended by the Finance Committee. The bill as a whole has a price tag of \$887 billion. When the borrowing costs associated with this spending are included, the cost of the package rises well over \$1.2 trillion.

The President has suggested that even more measures like this, other requests to stimulate the financial system, may be needed to resuscitate the housing market, and reform financial regulatory institutions. We don't know what the cost of those measures will be, but sounds like we may be asked to enlarge these commitments even further as time goes by.

Proponents of this bill say that the fiscal cost of inaction is also substantial. They argue that failure to enact the bill will lead to lower growth and diminished tax receipts. Yet there is little documentation to back up that claim. Those suggestions have not been described in any detail by Administration officials or their economic experts.

In size alone this measure has few precedents. We are considering this bill in the absence of any formal request or documentation from the Executive Branch. This bill has been described President Obama's recovery plan. Yet, we have not had an official request from the Administration for these funds.

I'm not one who believes that Congress must always wait for the Executive Branch to lead. But with regard to this bill we are giving the Executive Branch immense latitude in the disbursement of the spending it contains. We are doing so without any official request, and without any documentation that speaks to the issue of how this spending will stimulate the economy, or what the long term implications of the spending will be.

Normally, this kind of information would be contained in an Administration budget or a supplemental request. For items that are well understood to have a short term stimulative effect, most of us will feel comfortable debating their merits as part of an emergency measure, but there is a great deal of spending in this bill that is not immediately stimulative. The majority describes it as 'investments' in our nation's future. We have the responsibility to be deliberate and consider these items carefully in the context of the President's formal budget requests.

The distinguished Chairman of the Appropriations Committee, who is my dear friend, made a sincere effort to accommodate priorities expressed by Republican members of the committee, and to respond to some of their concerns. He resisted efforts to clutter the bill with controversial policy initiatives that might detract from the focus of the legislation, or slow down the progress of the bill. He also insisted on a committee markup of the bill. All of these actions demonstrate his unquestioned sense of fairness.

The fact remains, however, that the Senate is being asked by the Administration to take a big leap of faith that the massive spending proposed in this bill will in fact stimulate growth of the economy, even though much of the funding will not be spent in the next year or two.

We are all searching for solutions that will help the economy in the short term. Yet we must consider the long term effects of any stimulative actions that we take today. Will the jobs associated with these proposals be created just as the economy is recovering, causing inflationary pressures that may not be welcome two years from now? What will be the impacts on Federal borrowing costs of this additional deficit spending, particularly once recovery is underway and we are no longer able to borrow money as cheaply as we are now? And perhaps of greatest concern, is it reasonable to expect stimulus spending to cease after 18 months or two years time? The federal government's track record for terminating programs is very good.

Let me share with you some of the provisions of this specific legislation. There are well over 20 new spending initiatives and programs that are either being authorized in this bill or being funded for the first time. These programs account for over \$230 billion of the appropriated spending in the bill.

- The bill allocates \$16 billion to build and repair local schools, something which has not before been considered the responsibility of the Federal government. That is state and local responsibility.
- The bill provides *\$9 billion* to construct broadband infrastructure throughout the country, even as it requires development of a plan to actually spend this money and the creation of a broadband infrastructure map that might inform development of that plan. Is this getting the cart before the horse, or at least maybe putting it *alongside* the horse?
- The bill appropriates \$23 billion to create an improved health information technology system, virtually from scratch. This is not a one or two year project. It is an expensive, long term program for which there is barely a foundation, yet we are putting every taxpayer on the hook for \$23 billion.
- The bill invests heavily in science and energy programs. Like many of my colleagues, I supported passage of the America COMPETES Act during the last Congress. The goal of that legislation was to ensure that science education in America is of a quality that will sustain our economy in the 21st century. I also have supported passage of energy bills in the last five years in the hope they would enhance our nation's energy security. Yet I did not support any of these bills with the expectation that their various elements would be immediately funded in their entirety, or that they would be funded outside the context of our Federal budget in the regular annual process. Like most Senators, I assumed we would evaluate the merits of the individual programs as part of the annual budget and appropriations process.

Even if this spending may be entirely appropriate, Mr. President, it is reckless to be providing it in the absence of any budgetary context, and having done very little due diligence.

Much of this spending will have little stimulative effect. Projected spendout rates are very slow. The Director of the Congressional Budget Office observed in a January 28th letter to the Chairman of the Senate Budget Committee,

“Throughout the federal government, spending for new programs has frequently been slower than expected and rarely been faster.”

Is our putting it all in this one bill going to change that? What will be the cost of these programs five years from now? If we control the overall level of discretionary spending in future years, what programs and priorities will these new initiatives displace? If the spending is entirely additive, what are the impacts of that spending on our national debt or on future tax rates? These questions are difficult to answer without supporting documentation, and without having held any hearings. It seems to me there will be time enough to consider these long term investments in the regular order and in the context of future Federal budgets.

As former Clinton budget director, Alice Rivlin, recently testified:

“... a long-term investment program should not be put together hastily and lumped with an anti-recession package. The elements of the investment program must be carefully planned and will not create many jobs right away.”

Yet it is not just the new programs that should concern us, Mr. President. This bill also greatly expands a number of programs such as Head Start, Pell Grants, and the Individuals with Disabilities Education Act. These are all programs with merits – I have supported them all – and with supporters on both sides of the aisle. But the question is: do they stimulate the economy and how? Is it realistic to expect funding levels for these programs to revert to today’s levels once the economy recovers? I think it safe to expect just the opposite.

The Committee for a Responsible Federal Budget, co-chaired by former Congressman Bill Frenzel and another of President Clinton’s former budget directors, Leon Panetta, recently warned of this danger. Speaking of recommendations like planting grass on the National Mall, the Committee said such things are:

“...a distraction from the bigger risks in this bill. More troubling is the number of items in the stimulus plan that are really intended to be permanent new policies rather than temporary items to help boost the economy. While we need deficit spending now, extending out borrowing beyond the economic downturn will make our already-dismal fiscal picture far, far worse. The economy simply can’t handle that. There is a very real risk that many of these items will become a permanent part of the budget and unless Congress suddenly shows an uncharacteristic willingness to pay for the new items, the deficit will deteriorate even further”

The Committee they chaired went on to say:

“Many of these items may be worthwhile, but an emergency measure is the wrong way to push through permanent changes to the budget. If politicians want to enact long-term spending or tax policies, they should be enacted through the normal legislative process.”

I think that is very put, Mr. President, and I think we ought to pay attention to what people like that are saying.

The President’s Chief of Staff recently said maybe in jest, ‘*You never want a serious crisis to go to waste.*’ Clearly we are seeing the efforts by some – and I’m not saying the President’s Chief of Staff – to use this stimulus bill to achieve long term objectives that go beyond addressing our short term economic problems.

But, I think all Senators agree the economy is under severe pressure and Congress should take quick but sharply focused action to do those things we are confident will have an immediate stimulative impact on the economy and improve economic prospects. We should not, however, rush headlong into fiscal commitments that may haunt us for years to come.

Madame President, if Federal spending on infrastructure and other programs is truly stimulative, is it not unfortunate that Congress has failed to enact nine of the twelve regular appropriations bills for Fiscal Year 2009? These bills account for almost half of all discretionary spending, yet the agencies and programs supported by those bills have essentially been idling for four months under a continuing resolution. This is funding at last year’s approved levels of spending. Whereas, if enactment had taken place in a timely fashion by this Congress – this Senate and the House of Representatives working together – we would have much of this money, which has been previously budgeted and approved by committees, approved by the Congress. Funding contained in those bills contained projects such as roads, bridges, water projects, Federal buildings and other activities that might provide jobs now. But they have been held in abeyance under the terms of a Continuing Resolution.

That is not something that can be laid at the feet of President Bush. That’s the Congress. We hear a lot of criticism of the former President, like he’s the reason for all of this. We need to look at ourselves. Congress didn’t even try to enact the bills. The bicameral leadership made a conscious decision not to engage the former President on spending issues, or Outer Continental Shelf oil and gas leasing, another example of something that could be labeled stimulative.

Had we enacted those appropriations bills last fall, agencies would already be contracting, hiring and spending their funding allocations. This week we would probably be having a debate about the merits of supplementing some of those allocations. Instead, we are considering a bill that supplements many existing programs without members even knowing what the regular appropriations bills contain for those same programs.

Madame President, in closing I want to express my heartfelt thanks and appreciation to the distinguished Senator from Hawaii, the Chairman of the Appropriations Committee, for his leadership and congratulate him on the way he has undertaken to respond to this emergency that has been presented to the committee. He has handled it all in a fair and thoughtful way. It is a

pleasure working with him and the other members of our Committee on Appropriations in the Senate.

I now stand ready to continue to work to improve this bill, to listen to suggestions of Senators for changes.